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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 12, 1999

COMMONWEALTH OF VIRGINIA, ex rel.

STEPHEN M. TURNER, et al.,

v.

CASE NO. PUE990002

AUBON WATER COMPANY,

Defendant

ORDER OF NOTICE AND HEARING

By notice dated November 4, 1998, Aubon Water Company ("Aubon" or "the Company") notified its customers and the State Corporation Commission's ("SCC" or "the Commission") Division of Energy Regulation pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 et seq. of the Code of Virginia) of its intent to increase its rates, effective for service rendered on or after January 16, 1999. As of February 10, 1999, the Commission has received from the Company's affected customers 10 letters in opposition to the proposed rate increase, 19 individually signed letters, and 3 petitions signed by 65 customers, all opposing the rate increase and requesting a hearing.

The Company proposed the following changes to its rates and charges:

	Current Rates	New Rates
Service Connections:		
(a) 3/4-inch service connection	\$475.00	\$950.00
Water Rates:		
for the first 3,000 gallons, per 1000	\$2.50	\$5.00
for the excess over 3,000 gallons	\$3.50	\$6.00
Minimum Charge:	\$7.50	\$15.00

By Preliminary Order dated January 13, 1999, the Commission, among other things, suspended the Company's proposed increase in rates through March 8, 1999; declared the proposed increase in rates interim and subject to refund, with interest, effective for service on or after March 9, 1999; and ordered the Company to file with the Commission, on or before January 22, 1999, certain financial data. On January 25, 1999, the Company filed the financial data so ordered.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that a hearing should be scheduled, pursuant to § 56-265.13:6 of the Code of Virginia, to receive evidence relevant to the Company's proposed revisions in its tariff. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to Rule 7:1 of the Commission Rules of Practice and Procedure ("Rule" or "Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(2) A public hearing before a Hearing Examiner shall be held on April 20, 1999, commencing at 2:00 p.m. in the Commission's 2nd Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence relevant to the Company's proposed tariff revisions.

(3) The appropriate members of the Commission's Staff shall investigate the reasonableness of the Company's proposed tariff and present their findings and recommendations in testimony at the April 20, 1999, public hearing.

(4) The Company shall forthwith make a copy of its proposed tariff and accompanying materials available for public inspection during regular business hours at all offices where customer bills may be paid.

(5) On or before March 4, 1999, the Company shall file with the SCC Document Control Center an original and fifteen (15) copies of the prepared testimony and exhibits the Company intends to present at the public hearing, and make a copy of the same available for public inspection as provided in paragraph (4) herein.

(6) On or before March 18, 1999, any person desiring to participate as a Protester, as defined in Rule 4:6, shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest as provided in Rule 5:16(a) and shall service a copy on the Company. Service upon the Company

shall be made on Mr. G. Ray Boone, Aubon Water Company, 70 South Main Street, Rocky Mount, Virginia 24151.

(7) Within five (5) days of receipt of any Notice of Protest, the Company shall serve on each Protestant a copy of all material now or hereinafter filed with the Commission.

(8) Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6, shall file on or before March 24, 1999, an original and fifteen (15) copies of a Protest with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, referring to Case No. PUE990002 and shall simultaneously send a copy thereof to the Company's President: G. Ray Boone, 70 South Main Street, Rocky Mount, Virginia 24151, and upon other parties of record.

(9) The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Any corporate entity or governmental unit that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8.

(10) On or before March 24, 1999, each Protestant shall file an original and fifteen (15) copies of the prepared testimony and exhibits the Protestant intends to present at the public hearing, and shall simultaneously mail a copy to the Company's counsel at the address set out above, and to each Protestant.

(11) On or before March 31, 1999, the Commission Staff shall file an original and fifteen (15) copies of the prepared testimony and exhibits Staff intends to present at the public hearing and shall serve a copy of each upon the Company and each Protestant.

(12) On or before April 12, 1999, the Company shall file an original and fifteen (15) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits; additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing, and provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Hearing Examiner. A copy of the prefiled rebuttal evidence shall be sent to all other parties to the proceeding.

(13) The Company shall respond to written interrogatories within fifteen (15) days after receipt of same. Protestants

shall respond to the written interrogatories of the Company, other Protestants, and Staff within five (5) business days after receipt of same. Protestants shall provide the Company, other Protestants, and Staff with any work papers or documents used in preparation of their filed testimony promptly upon request. Except as modified above, discovery shall be in accordance with Part VI of the Rules.

(14) On or before March 12, 1999, the Company shall cause a copy of the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF AN
INCREASE IN TARIFF BY
AUBON WATER COMPANY

TAKE NOTICE that on November 4, 1998, Aubon Water Company ("Aubon" or "the Company") notified its customers and the State Corporation Commission Division of Energy Regulation of its intent to increase its rates, effective for service on or after January 16, 1999.

	Current Rates	New Rates
Service Connections:		
(a) 3/4-inch service connection.....	\$475.00	\$950.00
Water Rates:		
for the first 3,000 gallons, per 1000	\$2.50	\$5.00
for the excess over 3,000 gallons	\$3.50	\$6.00
Minimum Charge:	\$7.50	\$15.00

While the revenues that may be approved are limited to the amount produced by Aubon's proposed rates, PLEASE TAKE NOTICE that individual rates and charges approved by the Commission may be either higher than or lower than those proposed by the Company.

The Commission has scheduled a hearing to begin at 2:00 p.m. on April 20, 1999, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the proposed increase in water rates.

Individuals with disabilities who require an accommodation to participate in the hearing may contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9026 (TDD). Individuals requesting accommodations should contact the Commission at either of these numbers at least seven (7) days before the scheduled hearing date.

A copy of the Company's proposed tariff and accompanying materials are available for public inspection during regular business hours at all offices where customer bills may be paid. A copy of the proposed tariff is also available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. On and after March 4, 1999, a copy of the Company's prefiled testimony and exhibits will be available for public inspection at the same locations.

Any person desiring to comment in writing on the application may do so by directing such comment to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and refer to Case No. PUE990002. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 1:45 p.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's bailiff.

On or before March 18, 1999, persons desiring to participate as Protestants, as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("Rules") shall file an original and fifteen (15) copies of a Notice of Protest, as provided in Rule 5:16(a) with the Clerk of the Commission and serve a copy on the Company. Service upon the Company shall be made on: G. Ray Boone, President, Aubon Water Company, 70 South Main Street, Rocky Mount, Virginia 24151.

Any person who expects to submit evidence, cross-examine witnesses or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6 shall file on or before March 24, 1999, an original and fifteen (15) copies of a Protest with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 referring to Case No. PUE990002 and shall simultaneously send a copy thereof to the Company's President: G. Ray Boone, President, Aubon Water Company, 70 South Main Street, Rocky Mount, Virginia 24151, and all other parties of record.

The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Any corporate entity or governmental unit that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8.

On or before March 24, 1999, each Protestant shall file an original and fifteen (15) copies of the prepared testimony and exhibits Protestant intends to present at the public hearing, and shall simultaneously mail a copy to the Company's President as follows: G. Ray Boone, Aubon Water Company, 70 South Main Street, Rocky Mount, Virginia 24151, and to other Protestants.

All written communications to the Commission regarding this case should be directed to Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218.

Aubon Water Company

(15) The company shall forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (or equivalent officials in counties, cities, and towns having alternate forms of government) in which the Company offers service. Service shall be made by first class mail or delivery to the customary place of business or to the residence of the person served.

(16) At the commencement of the hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (14) & (15).